

Message Text

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15

ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 NEA-06 ISO-00 FEA-01

IO-10 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

DODE-00 FPC-01 H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01

TRSE-00 FRB-01 PA-01 USIA-06 PRS-01 AECE-00 /120 W

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P R 201544Z DEC 74

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 4436

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CARACAS

USMISSION EC BRUSSELS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MEXICO

USMISSION OECD PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMCONSUL DOHA

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BEIRUT PASS BAGHDAD

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EO 11652: NA

TAGS: ENRG, OPEC, AU

SUBJ: OPEC: ALGIERS MEETING AND OTHER SUBJECTS

1. FOLLOWING INFORMATION IS FROM DEC 19 CONVERSATION OF EMBOFFS WITH BAHMAN KARBASSIOUN (IRANIAN) OF OPEC SECRETARIAT. KARBASSIOUN, WHO HAS BEEN WITH SECRETARIAT HERE FOR FIVE YEARS, WAS FORMERLY ASSIGNED TO ITS ECONOMICS DEPT AND SINCE PAST FEW MONTHS HAS HELD POSITION OF ADVISOR TO SECRETARY GENERAL.

2. KARBASSIOUN IS ONE OF GROUP OF EXPERTS, INCLUDING SEVERAL MEMBERS OF DELEGATIONS TO DEC 12-13 MINISTERIAL CONFERENCE, CHARGED WITH DRAWING UP RECOMMENDATIONS AND BACKGROUND MATERIALS TO BE DISCUSSED AT FOREIGN AND OIL MINISTERS CONFERENCE IN ALGIERS WHICH OPENS JAN 24. KARBASSIOUN SAID HE IS NOW WORKING ON A PAPER FOR CONFERENCE AND THAT CONFERENCE WOULD DEFINITELY DEAL WITH SUBJECT OF CONSUMER-PRODUCER DIALOGUE. HE SAID PAPER WOULD ATTEMPT TO SET FORTH THOSE SUBJECTS ON WHICH THERE MAY BE AN IMMEDIATE MUTUALITY OF INTEREST BETWEEN CONSUMERS AND PRODUCERS SUCH AS CONSERVATION AND RECYCLING OF OPEC FUNDS. PAPER WOULD ALSO INCLUDE QUESTION OF WHETHER COMMON OPEC POSITION ON OPEC AID TO DEVELOPING COUNTRIES CAN BE ARRIVED AT. (WE GAINED IMPRESSION THAT KARBASSIOUN IN EFFECT PREPARING NOT ONLY PAPER FOR ALGIERS CONFERENCE BUT ALSO A PRELIMINARY LIST OF TOPICS FOR EVENTUAL INCLUSION ON AGENDA OF A FIRST CONSUMER-PRODUCER CONFERENCE.)

3. INFORMING EMBOFFS THAT DR. KHENE HAD JUST LEARNED OF HIS APPOINTMENT AS UNIDO SEC GEN, KARBASSIOUN REMARKED THAT KHENE SHOULD BE ABLE EFFECTIVELY MOBILIZE MORE FINANCIAL SUPPORT FROM OPEC COUNTRIES FOR UNIDO.

4. CONTRARY TO WHAT EMBASSY HAD UNDERSTOOD FROM OTHER OPEC STAFFERS KARBASSIOUN SAID THAT MEMBER COUNTRIES ASSIGN PERMANENT NATIONAL REPRESENTATIVES TO ECONOMIC COMMISSION BOARD, I.E., SAME REPRESENTATIVES ATTEND EVERY MEETING. HE EXPLAINED, HOWEVER, THAT OTHER EXPERTS ARE SELECTED TO ATTEND ON AD HOC BASIS DEPENDING ON NATURE OF SUBJECT TO BE DISCUSSED AT PARTICULAR SESSIONS. KARBASSIOUN PROMISED EMBOFFS LIST OF NATIONAL REPRESENTATIVES.

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5. KARBASSIOUN SAID OPEC MINISTERIAL PRICING DECISION WAS BASED ON PRODUCTION COST SITUATION IN GULF. KARBASSIOUN HIMSELF WAS NOT CLEAR ON WHAT PRICING FORMULAS WOULD BE WORKED OUT BY OPEC COUNTRIES WHERE CRUDE PRODUCTION COSTS ARE SUBSTANTIALLY HIGHER THAN IN GULF. HE MADE IT CLEAR THAT DEC 13 DECISION WOULD REDUCE PRODUCING COMPANY PER BARREL PROFITS TO A FRACTION OF A DOLLAR FROM PROFIT MARGINS THAT IN SOME CASES EXCEEDED \$4.00.

HUMES

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